

Kentucky Agricultural Finance Corporation

Minutes of the September 2, 2011 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, September 2, 2011 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 10:02 a.m. EDT.

Notification of Press

Mr. Harper received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Bruce Harper (designee for Commissioner Farmer), Westy Adams, George Begley, Kenneth Burdine, Wayne Hunt, Larry Jaggars, Frank McAninch, Tom Midkiff (designee for Secretary Miller), Joel Oney, Frank Penn, Peggy Peterson

Members Absent – Doug Lawson

Others Present

Staff –Diane Fleming, Sandy Gardner, Cyndi Hall, Jennifer Hudnall, Bill McCloskey, Joel Neaveill

Guests – Lowell Atchley, Legislative Research Commission (LRC); Jim Akers, Blue Grass Stockyards of Albany; Mike Hayes, Kentucky Highlands Investments; Corey Collins, Lewis County farmer;

Welcome/Introduction of Guests

Mr. Harper welcomed the Board and guests to the KAFC Board meeting.

Review and Approval of Minutes

Larry Jaggars moved to approve the minutes of the April 1, 2011 KAFC Board of Directors meeting, as presented; Westy Adams seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Mr. Harper called on Joel Neaveill to give the Executive Director's Report on behalf of Roger Thomas. Mr. Neaveill announced that Jennifer Hudnall has returned from maternity leave and Teresa Spreitzer will begin working on September 15, 2011 as the new KADB Secretary.

The Director of Financial Services Report

Mr. Harper asked Bill McCloskey to give the Director of Financial Services Report. Mr. McCloskey reviewed the financial position report (below) of KAFC.

KAFC Statement of Financial Position	
ASSETS (as of 07/31/2011):	
Interest Earned from Loans	\$ 2,467,941
Interest Earned from State Investment Commission	1,074,486
Interest Fund (2802 Acct.)	3,542,426
Principal/Loan Fund (2803 Acct.)	3,087,245
Loan Funds Disbursed	29,044,942
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$37,674,613

Mr. Adams moved to approve the financial report; Frank Penn seconded the motion. *The motion passed without dissent.*

Mr. McCloskey noted the October KAFC Board Meeting date has changed to October 14, 2011 and indicated an updated schedule was in the update folder.

Mr. McCloskey also noted that staff met with Farm Credit Services to update the inter creditor agreements and streamline the payment process.

New Business

The following applications were received between July 22, 2011 and August 12, 2011.

Agricultural Infrastructure Loan Program -- Discussion and Action

AF11-0028 **Stewart, Stephen and Cynthia (Stewart Property Holding, LLC)** -- Applicants requested \$100,000 for the construction of a 20 stall horse barn in Bourbon County. Farm Credit Services in Lexington is the participating lender. Staff recommended loan approval. **Mr. Penn moved to approve AF11-0028, based on staff's recommendation, pending fund availability;** Kenny Burdine seconded the motion. *The motion passed without dissent. Joel Oney abstained.*

AF11-0031 **Young, Greg** -- Applicant requested \$64,000 for the construction of a beef cattle feeding barn, stack pad and commodity storage barn in Marion County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Mr. Burdine moved to approve AF11-0031, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

AF11-0032 **Farmer, Jacob** -- Pending

AF11-0034 **Fair, Christopher (Fair Grain Farms, Inc.)** -- Applicant requested \$87,500 for the construction of a 60,000 bushel grain bin in Casey County. Central Kentucky ACA in Lebanon is the participating lender. Staff recommended loan approval. **Wayne Hunt moved to approve AF11-0034, based on staff's recommendation, pending fund availability;** Peggy Peterson seconded the motion. *The motion passed without dissent.*

Agricultural Processing Loan Program -- Discussion and Action

AF11-0030 **Martin, Larry (The Kentucky Blueberry Association, Inc.)** --
Withdrawn

AF11-0033 **Akers, Jim (Blue Grass Stockyards of Albany, LLC)** -- Applicant requested \$400,000 for the purchase of approximately 10 acres and the construction of a livestock marketing facility in Clinton County. This will be a direct loan. Staff recommended loan approval. **George Begley moved to approve AF11-0033, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent. Mr. Oney abstained.*

Diversification through Entrepreneurship in Agribusiness Loan Program—Discussion and Action

AF11-0029 **Collins, Corey** -- Applicant requested \$100,000 for the purchase of real estate, equipment and to make improvements to a meat processing facility in Lewis County. Citizens Deposit Bank in Vanceburg is the participating lender. Staff recommended loan approval. **Frank McAninch moved to approve AF11-0029, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

Old Business

Withdrawals—No Action Necessary

AF10-0044 **Peden, Charles "Brian"**
AF11-0011 **Kough, Adam**

Closing Remarks

The next meeting of the KAFC Board will be Friday, October 14, 2011 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

Mr. Jagers moved to adjourn. The meeting adjourned at 11:15 a.m. EDT.

APPROVED: 10-14-2011

PRESIDING OFFICER: Bruce H. Miller

SECRETARY: Cyndi Hall